



CALIFORNIA EMPLOYER

Third Quarter 1996

Register now for *Tax Talk '96* educational tax seminar

Tax Talk '96, the one-day educational seminar on basic tax law, return preparation, and popular tax topics, is scheduled for Tuesday, October 8, 1996. Geared toward Certified Public Accountants, Enrolled Agents, tax practitioners, and small business owners, this annual teleconference is broadcast via satellite to 24 sites in California, as well as Oregon and Nevada.

The seminar is jointly sponsored by the Employment Development Department (EDD), the Franchise Tax Board, the Internal Revenue Service (IRS), the State Board of Equalization, and the School of Business Administration, California State University, Sacramento.

Topics this year include nonresident issues, offices in the home, alternatives for clients unable to pay taxes, common filing errors, passive activity loss with an emphasis on rental property, employers' annual reconciliation reports, sales and use tax regulatory process, and tax planning.



At last year's Tax Talk telecast, EDD's Ronda Stewart provided information on a variety of tax topics.

After every presentation, questions from attendees at each site will be answered. *Tax Talk '96* also will feature current "hot issue" reports.

Attendees may earn up to eight hours of credit toward their continuing education requirement for the California State Board of Accountancy, the Department of Consumer Affairs, California Society of Enrolled Agents, and for enrolled agents, the IRS.

A discounted fee of \$145 per person—which includes lunch—is available if your payment is postmarked by September 10, 1996. After that date, the tuition fee is \$195.

Those who are unable to attend the teleconference may participate in a comprehensive home-study course at a cost of \$145. This includes a videotape of the October broadcast and a home study package consisting of a textbook and test for one person. Home study participants have until October 31, 1997, to complete the study and earn the eight hours of credit.

For more information or to obtain registration materials, please write to the Franchise Tax Board, *Tax Talk*, P.O. Box 520, Rancho Cordova, CA 95741-0520; or call (916) 845-7070. You also can reach them by fax at (916) 845-5047. Hearing-impaired individuals may call 1-800-735-2929 (TDD).

Best ways to order employment tax forms

There are several options for ordering forms depending on the quantity and types you need. You may wish to call your nearest Employment Tax Customer Service Office for quantities of 25 or less.

For more than 25 copies, call EDD's Forms Warehouse directly at (916) 322-2835. For larger quantities, the warehouse is the best way to receive EDD forms such as the DE 88, DE 6, DE 7, and pamphlets.

You also may use the Internet to print a limited selection of forms by accessing

EDD's home page:

<http://www.edd.cahwnet.gov>

If you need to obtain forms or information related to the *Statement of Charges to Reserve Account* (DE 428T), you may wish to use the number specifically designed for the Experience Rating System: (916) 322-0507. This number will connect you to an automated call processing system that operates 24-hours a day, seven-days a week.

Using these methods of ordering will save you time and get your forms to you as quickly as possible.

Reserve account statements to be mailed soon

The annual *Statement of Charges to Reserve Account* (DE 428T) will be mailed out in September this year. They will be dated October 4, 1996.

Because charges to your reserve account may increase your unemployment insurance contribution rate, it is important to review your statement carefully and respond in a timely manner if you do not agree with a charge. You will have 60 days from the mail date to protest any charges that you believe are incorrect. Instructions to protest the charges accompany the statement.

Bulletin board information and services transferred to the Internet

Since 1991, EDD has maintained an electronic bulletin board to provide California employers with employment tax information. As of October 1, 1996, the information and services on the bulletin board—including electronic mail capabilities and forms requests—will be transferred to EDD's Internet home page.

EDD continues to expand its use of this communication method to provide a wider variety of employment tax-related topics to the employer community. (See a related article in the second quarter 1996 *California Employer*.)

Currently, various EDD employment tax forms can be accessed and downloaded

on the Internet. Additional forms, publications, and services will be available in the near future.

1996 California Withholding Schedules now on-line

A recent addition to our site is the California Withholding Schedules for the 1996 tax year. The tables are available in a Portable Document Format (PDF) that can be downloaded, viewed, and printed. There is a book-mark index as well as thumbnails to assist users in navigation.

Watch for a Microsoft Excel® version that can be downloaded and imported into your payroll accounting programs.



Also watch the EDD home page (at <http://www.edd.cahwnet.gov>) for new on-line information, including the 1997 withholding schedules, which are expected to be available in October or November 1996.

If you have any questions or suggestions about the employment tax information on the EDD web site, please contact the Tax Branch Internet Administrator by electronic mail at sschmitz@hw1.cahwnet.gov, or by calling (916) 654-8154.

Certain home workers may be considered employees

Employers are reminded that certain types of workers performing services off



the employer's premises may be statutory employees under the "home worker" provisions contained in section

621 (c) of the California Unemployment Insurance Code.

Wages paid to home workers are subject to Employment Training Tax, Unemployment Insurance, and State Disability Insurance if all of the following conditions exist:

- The work is required to be returned to the employer or another designated person.

- The work is done according to specifications furnished by the employer on materials or goods supplied by the employer.
- The home worker performs services as part of a continuing relationship with the employer rather than as a single transaction.
- The home worker does not have a substantial investment in facilities of his/her own, other than transportation.
- Substantially all the work is done personally by the home worker.

Withholding of California Personal Income Tax is not mandatory on

home workers if they are independent contractors under the usual common law factors.

Some common types of services performed by home workers are sewing, art work, crafts, photograph retouching, drafting, assembling, bookkeeping, proofreading, editing, typing and transcribing medical records, board meeting notes, letters, and correspondence. For further information, please contact your local Employment Tax Customer Service Office.

New household employers guide now available

There is a new revision of the *Tax Guide for Employers of Household Workers* (DE 8829) available now. This updated version of the guide is easier to read and understand.

If you are a household employer and you would like to order a copy of the

new 1996 guide, please call or fax the EDD Forms Warehouse at:

Telephone: (916) 322-2835
Fax: (916) 327-9171

You may place an order at either of these numbers 24-hours a day.

Annual Reconciliation Return (DE 7) for 1996

A pre-printed *Annual Reconciliation Return* (DE 7) for 1996 will be mailed to all employers during November and December of 1996.

If you have not received your pre-printed DE 7 by January 10, 1997, you should call your local Employment Tax Customer Service Office. To find the nearest office, check the State Government section of your telephone directory under "Employment Development Department."

Reporting requirements changed for 1997

The *Quarterly Wage Report* (DE 6) will be getting a new look to accommodate new reporting requirements for 1997. Employers will be required to report their employees' full first names and Personal Income Tax (PIT) wages quarterly to the Employment Development Department (EDD). These changes are a result of recent legislation.

This additional information is expected to increase the accuracy in unemployment and disability insurance benefit

payments, and reduce both benefit and income tax fraud and abuse.

Payroll tax software developers and employers using alternate forms who have not received the new specifications should contact EDD's Alternate Forms Coordinator at (916) 654-9814. Employers reporting on magnetic media who have not received their new specifications should contact the Magnetic Media Coordinator at (916) 654-6845.

Health insurance plan for small employers lowers its premiums

The Health Insurance Plan of California (HIPC), a state-sponsored health insurance pool for small employers established by Governor Pete Wilson in 1992, recently announced an average premium decrease, for the fourth straight year.



The HIPC, which is available to employers with 3 to 50 employees, now has enrolled over 6,000 small businesses representing 112,000 persons. The plan offers the following features:

- A comprehensive benefit package, and each employee may choose from up to 22 health plans.

- Premium rates good for a one-year period starting on July 1 of each year.
- Guaranteed coverage for all eligible California employers and employees (30-hour work week minimum).
- Easy, uniform application and enrollment process.
- One combined premium bill no matter which health plans employees choose.

For more information about this program, please call 1-800-HIPC-YES (1-800-447-2937) or contact your agent or broker.

New regulation clarifies status of security dealers

A new regulation of the California Code of Regulations clarifies the application of the common law rules used to determine whether a security dealer is performing services as an employee or an independent contractor.

The regulation (Section 4304-8 of Title 22) does not change the common law rules used to make status determinations; it merely clarifies existing common law and provides guidance for the application of the common law factors as they relate to the security dealers industry.

EDD recommends that you analyze the working relationship between your

business and security dealers on an individual-by-individual basis to ensure that they are correctly classified.

To request a formal ruling by EDD on the employment status of security dealers, you should submit a *Determination of Employment Status for Purposes of State of California Employment Taxes and Personal Income Tax Withholding* form (DE 1870).

For a copy of the regulation, a DE 1870, or if have any questions, please contact EDD's Audit Section, MIC 94, P.O. Box 826880, Sacramento, CA 94280-0001.

California businesses invited to Workforce Preparation Conference

Are you having trouble finding qualified, job-ready workers? Is this affecting your bottom line? Do you want to learn about business opportunities in the new economy?

If so, you should plan to attend the third Statewide Workforce Preparation Conference in Long Beach on October 22 - 24.

The purpose of this conference is to bring business, industry, education, and government together to discuss workforce preparation issues, and to consider ways to ensure that the workforce of tomorrow will have the skills to keep California business competitive.

One highlight is an Emerging Technologies Showcase where major businesses will display how technology is changing the workplace.

Special day dedicated to business and industry

The conference agenda for October 23 was designed by business and industry for business and industry. Some of the day's topics include: current market trends, technology advances, the availability of local employment and training resources, and how you can work with schools and job trainers to keep your workforce prepared.

For more information on attending the conference and/or the one-day business and industry session on October 23, please call the conference hotline at 1-800-858-7743.

Businesses interested in displaying their technologies at the Emerging Technologies Showcase can get more information by calling 1-800-472-8428.

Leasing employer industry and EDD work together to improve services

In an ongoing effort to improve the quality of their services, EDD's Unemployment Insurance Division staff



recently met with representatives of the leasing services industry to review unemployment insurance (UI) issues unique to that industry. As a result of this meeting, several improvements have been implemented:

First, EDD revised the *Notice to Employees* form (DE 1257) to include leasing

employers. To request copies of this form, please call (916) 322-2835, or fax (916) 327-9171.

Second, the UI claimant handbook is being revised to include instructions on avoiding loss of eligibility for claimants who were previously employed by leasing employers. The handbook will note that these claimants must contact their former employer(s) as part of their efforts to seek work. Claimants who fail to do this can lose their UI eligibility.

Third, EDD has developed guidelines for leasing employers to follow that will

simplify the task of notifying EDD field offices of UI eligibility issues. A suggested format for documenting UI issues that contains all the elements needed to determine UI eligibility also was developed. Employers may use this format to document issues such as refusal to work, unavailability for work, etc., which then can be provided to EDD if the individual files a UI benefit claim.

For complete details on these improvements and issues, please contact your local EDD field office, or call EDD's UI Division at (916) 654-7401 and ask for the Determinations Unit.

Improved wage information should result from redesign of survey

The most frequent request from employers calling EDD's Labor Market Information Division is, "We need wage information!"

To help better fulfill these requests, the survey that is used to gather this data, the Occupational Employment Statistics survey, has been redesigned to collect standardized occupational and wage information on a single form.

This new survey form from the U.S. Department of Labor will improve the quality of information that is provided to employers, job seekers, the employment

and training community, and economic developers. In addition, it will significantly reduce the number of requests for wage data received by individual employers.

EDD will mail this survey to selected establishments in California once every three years, starting in October of this year.

The success of this survey will depend on the cooperation and participation of California's employers. If you are one of the employers selected to participate, and you have questions about this

survey, please call 1-800-826-4896 for assistance.

Wage and occupational staffing patterns, by industry, collected during this survey should be available in October 1997. You may request occupational and wage information for your particular industry by calling the Labor Market Information Division at the telephone number above.

Employment Tax Information

General Information or Requests for Tax Forms (25 copies or less)

Contact your nearest Employment Tax Customer Service Office

Electronic Funds Transfer Fax: (916) 654-9130 (916) 654-7441

Forms Request (more than 25 copies) Fax: (916) 322-2835 (916) 327-9171

Magnetic Media Reporting Fax: (916) 654-6845 (916) 654-7441

Alternate Forms Coordinator Fax: (916) 654-9814 (916) 657-4949

New Employee Registry Fax: (916) 657-0529 (916) 653-5214

Offers in Compromise Fax: (916) 464-0646 (916) 464-2077

Registration for an Employer State ID Fax: (916) 654-7041 (916) 654-9211

Tax Rates and Benefit Charge Information (916) 322-0507

Underground Economy Operations Center Fax: (916) 464-1075 Extension 299 (916) 464-1020

Employment Tax Problem Resolution Office Fax: (916) 654-8957 (916) 654-6969

EDD's Internet Address: <http://www.edd.cahwnet.gov>

California Employer

This newsletter is published quarterly by California's Employment Development Department of the State Health and Welfare Agency, and is distributed with tax forms to all employers who are subject to the provisions of the California Unemployment Insurance Code.

The EDD, as a recipient of federal and state funds, is an equal opportunity employer/program and is subject to Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA). To obtain information about accommodations for disabilities, contact your local EDD office, listed in your telephone directory under "State of California, Employment Development Department." TDD users can reach EDD through the California Relay Service at 1-800-735-2929.

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